



April 29, 2003

**Former Fidelity employee sentenced to  
30 months in prison for investment swindle**

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**Fidelity lost \$2.39 million to a conspiracy  
between Richard P. Callipari and a trader**

A federal judge has sentenced **Richard P. Callipari**, formerly of Johnston, Rhode Island, to 30 months in federal prison for participating in a scheme to defraud Fidelity Investments through unauthorized index option trades.

United States Attorney Margaret E. Curran announced the sentences, which U.S. District Court Judge Mary M. Lisi imposed on April 28 in U.S. District Court, Providence. Judge Lisi also fined Callipari \$7,500 but did not order restitution because Fidelity and Callipari had reached a settlement over the losses. Callipari must report to prison on August 25 to begin serving his sentence.

In February, a federal trial jury found Callipari guilty of conspiracy, wire fraud and obstructing a Securities and Exchange Commission (SEC) investigation. During a nine-day trial, Assistant U.S. Attorneys Peter A. Mullin and Adam J. Bookbinder presented evidence that Callipari, in concert with others, conspired to defraud Fidelity in connection with index options trading on the Chicago Board of Options Exchange (CBOE).

Callipari was a Fidelity trader in Boston whose job was eliminated in April 1997. Beginning in July 1997, according to the evidence, Callipari began trading for JAS

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Securities, a New York city broker-dealer firm. Callipari allowed a coconspirator, **Thomas J. Connolly**, a Fidelity trader, to trade in index options on the Chicago Board of Options Exchange for the benefit of Callipari's JAS account, even though JAS had no account at Fidelity and Connolly was not authorized to make such trades. At the time, Callipari operated out of an office in Johnston, Rhode Island, at 1478 Atwood Avenue. He also lived in Johnston, at 5 Macera Farms Road.

### **\$2.39 million in losses**

Between July and early September 1997, Connolly made successful trades for Callipari, earning \$500,000 in profits. Callipari received about \$220,000 of those profits. In mid-September, however, Connolly's trading turned negative, resulting in about \$2.39 million in losses. Callipari tried to reject all of the losing trades, telling traders at the Chicago Board that he had not authorized them, and, as a result, Fidelity ended up incurring all of the \$2.39 million in losses. Much of the evidence presented during the trial consisted of recorded telephone calls between Callipari and traders.

In February 1998, as the SEC was investigating Callipari's activities, he gave sworn testimony, which, according to evidence presented during the trial, was false.

The Federal Bureau of Investigation and the U.S. Attorney's Office in Boston started an investigation but moved it to Rhode Island when it was determined that Callipari's criminal conduct occurred in Johnston. In July 2002, a grand jury in Providence charged Callipari with conspiring with Connolly to defraud Fidelity, ten counts of wire fraud, and corruptly endeavoring to obstruct and impede an SEC

investigation by means of false, misleading, evasive, and deceptive testimony. The trial jury convicted Callipari of all twelve charges. Connolly, currently of Falmouth, Massachusetts, previously pleaded guilty to conspiracy and is free on bond awaiting sentencing.

The case was investigated by the **Federal Bureau of Investigation** in Boston, with assistance from the **Securities and Exchange Commission**. It is being prosecuted by Assistant U.S. Attorneys Mullin and Bookbinder, who are stationed at the U.S. Attorney's Office in Massachusetts but have been assigned to the U.S. Attorney's Office in Providence for this case.

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